

Message Text

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PAGE 01 DACCA 01858 081630Z
ACTION NEA-10

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S E C R E T DACCA 1858

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FOR NEA ONLY

E.O. 11652: GDS
TAGS: EAID, EAGR, BG
SUBJ: BDG REQUEST FOR ADDITIONAL PL-480 TITLE I COMMODITIES

REF: DACCA 1826

1. REPORTS THAT THE BDG HAS REQUESTED AN ADDITIONAL 150,000 TONS OF WHEAT FROM CANADA, BEYOND THE USUAL VOLUME OF ABOUT 150,000 TONS, HAVE FURTHER COMPLICATED AN ALREADY MURKY SITUATION. IF WE HOLD BACK, CANADA MAY MOVE IN. THE CANADIAN HIGH COMMISSIONER TELLS ME HE IS UNDER GREAT PRESSURE FROM OTTAWA TO MOVE WHEAT. THIS WOULD REDUCE THE PRESSURE ON THE BDG TO MAKE SOME OF THE DECISIONS NECESSARY TO MOVE TOWARD SELF-SUFFICIENCY. FACED WITH THIS SITUATION, AND ASSUMING OUR REPORTS ABOUT THE BDG REQUEST AND LIKELY CANADIAN RESPONSE ARE ACCURATE, IT SEEMS TO US OUR BEST APPROACH IS TO TRY TO WORK OUT AN UNDERSTANDING WITH THE CANADIANS. THIS RISKS THE BDG CLAIMING WE ARE "GANING UP" ON THEM, BUT I BELIEVE THIS IS THE LESSER OF SEVERAL EVILS. AT THE SAME TIME, FOR A
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VARIETY OF REASONS, INCLUDING POLITICAL CONSIDERATIONS, I WOULD LIKE TO BE IN A POSITION TO OFFER SOMETHING ADDITIONAL UNDER TITLE I AS LONG AS THE TOTAL ADD-ON FROM THE US AND CANADA STAYS WITHIN ACCEPTABLE LEVELS.

2. OUR BEST JUDGEMENT, AS REPORTED REFTTEL, IS THAT

A TOTAL ADDITIONAL 150,000 TONS OF FOODGRAINS FROM NORTH AMERICA IS ALL THE SYSTEM HERE CAN HANDLE. OTHERWISE WE RISK SERIOUS CONGESTION AT THE PORT, POSSIBLE SPOILAGE THROUGH OVERCROWDING OF STORAGE FACILITIES AND OF PARTICULAR IMPORTANCE, DRIVING DOWN THE DOMESTIC PRICE OF FOODGRAINS THIS FALL AND WINTER AT A TIME WHEN MAXIMUM INCENTIVE IS NEEDED FOR LOCAL PRODUCERS TO INCREASE PRODUCTION. THIS WOULD RUN COUNTER TO OUR BASIC OBJECTIVE OF PUSHING BANGLADESH BY ALL POSSIBLE MEANS TOWARD FOODGRAIN SELF-SUFFICIENCY.

3. THE PURPOSE OF THIS TELEGRAM IS TO URGE YOU TO DO EVERYTHING POSSIBLE TO SPEED UP THE PROCESS OF CONSULTING WITH CANADA AND DECIDING HOW MUCH WE WILL OFFER IN ADDITIONAL TRANCHE. RIGHTLY OR WRONGLY, TOP BDG OFFICIALS ARE IN A STATE OF NEAR PANIC. WE BELIEVE THEY ARE OVER-REACTING, BUT THIS DOES NOT CHANGE THE FACT THAT THEY THEMSELVES ARE RUNNING VERY SCARED AND THAT A PROMPT RESPONSE BY US IS HIGHLY DESIRABLE.

4. ZIA HAS RAISED THE FOODGRAIN PROBLEM WITH ME PERSONALLY AND HAS STRONGLY URGED US TO PROVIDE AN ADDITIONAL 300,000 TONS. MARSHAL MAHMOOD, IN CHARGE OF THE FOOD MINISTRY, HAS GONE OVER THE ISSUE WITH ME THREE TIMES PRIVATELY IN ADDITION TO HIS APPEALS IN DONORS' MEETINGS. ON APRIL 4 HE SPENT AN HOUR AND FIFTEEN MINUTES VIRTUALLY PLEADING FOR 300,000 OR AT THE VERY LEAST 200,000 TONS FROM US. HE GIVES THE IMPRESSION OF A MAN UNDER TREMENDOUS PRESSURE FROM HIS SECRET

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BOSS (ZIA). THIS SENSE OF GREAT URGENCY IS ALSO REFLECTED IN EFFORTS TO MOVE IMMEDIATELY THE 200,000 TONS WE HAVE ALREADY AGREED TO PROVIDE.

5. MY ESTIMATE IS THAT ZIA AND COMPANY ARE PARTICULARLY CONCERNED ABOUT (AND OVER-REACTING TO) TWO ASPECTS OF THIS PROBLEM. FIRST, THE POLITICAL POT IS STARTING TO SIMMER. THE AWAMI LEAGUE IS STIRRING, AND PRESS AND INTELLECTUAL CIRCLES ARE INCREASING, THOUGH STILL GENTLY, THEIR REQUESTS FOR SOME TYPE OF POPULAR PARTICIPATION IN OR MANDATE FOR THE NATIONAL GOVERNMENT. IF HIS GOVERNMENT IS TO GO INTO A NATIONAL ELECTION OR REFERENDUM, THE LAST THING IT WOULD WANT IS A FOOD CRISIS. SEVERE SHORTAGES, SPECULATION OR RAMPANT PRICE RISES WOULD HAVE AN IMMEDIATE AND HIGHLY ADVERSE POLITICAL IMPACT. SECONDLY, BDG OFFICIALS BELIEVE THEIR LUCK HAS ABOUT RUN OUT AS FAR AS NATURAL DISASTERS ARE CONCERNED. THEY WANT HIGH STOCKS FOR THE STORMY DAYS THEY BELIEVE (PROBABLY CORRECTLY) WILL

INEVITABLY OCCUR.

6. WE WILL NOT BE PRESSURED INTO PROVIDING MORE THAN WE BELIEVE BANGLADESH ACTUALLY NEEDS AND CAN USE WITHOUT ADVERSE CONSEQUENCES. I HAVE, IN FACT, TOLD ZIA, MAHMOOD, SAIFUR RAHMAN AND OTHERS THAT I FAVOR A GRADUAL APPROACH OF AGREEMENT ON CONSIDERABLY LESS THAN THE 300,000 TONS THEY HAVE REQUESTED WITH THE UNDERSTANDING THAT WE CAN AMEND THE BASIC PL-480 AGREEMENT QUICKLY TO PROVIDE MORE IF WE SHOULD JOINTLY DECIDE THIS IS NEEDED OR IF THERE SHOULD BE A NATURAL CALAMITY. FOR THIS STAND TO BE CREDIBLE, HOWEVER, I NEED TO BE ABLE TO RESPOND TO THEIR VALID REQUESTS PROMPTLY. (THEY ARE STILL CONCERNED ABOUT WHAT THEY REGARD AS OUR SLOWNESS IN OPENING NEGOTIATIONS ON THE BASIC TITLE I PROGRAM THIS YEAR.

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7 IF WE DO NOT RESPOND QUICKLY, THEY WILL MERELY GO ELSEWHERE FOR FOODGRAINS SINCE THEY SEEM TO HAVE A CANADIAN OPTION. WE WILL LOSE WHATEVER INFLUENCE OUR ROLE AS A SUPPLIER GIVES US, AND OUR POLITICAL RELATIONS WILL SUFFER SINCE THE BANGLADESHI WILL READ A DELAY IN STARTING NEGOTIATIONS ON ADDITIONAL FOODGRAINS, IN FACE OF THE PRESSURE THEY HAVE MOUNTED, AS SOME SORT OF POLITICAL SIGNAL. THIS IS BASICALLY A GOOD GOVERNMENT (IT'S HARD TO ENVISAGE A BETTER ONE UNDER PRESENT CIRCUMSTANCES), AND I WOULD NOT WANT THE TOP LEADERSHIP TO THINK WE LACKED CONFIDENCE IN THEM OR WERE ACTUALLY CONTRIBUTING TO A SITUATION WHICH WOULD PRODUCE A POLITICAL CRISIS. FOR ALL THESE REASONS I BELIEVE IT'S BETTER TO COME UP WITH LESS THAN THEY REQUESTED, BUT TO DO SO QUICKLY, THAN TO DELAY UNTIL EVERY SINGLE TREE IS CROSSED. IN ANY EVENT, WE WILL NEVER HAVE ALL THE ANSWERS WE WOULD LIKE. BUT THOUGH STATISTICAL DATA HERE ARE POOR, WE ARE CONFIDENT WE ARE ON FIRM GROUND WITH THE PROPOSAL MADE IN REFTEL.

8. FOR REASONS CITED ABOVE, I BELIEVE IT EXTREMELY IMPORTANT IN TERMS OF OUR INTERESTS HERE THAT WE MOVE JUST AS QUICKLY AS POSSIBLE TO MAKE AN ADDITIONAL (BUT REALISTIC) FOODGRAIN OFFER ALONG LINES PROPOSED REFTEL, PLEASE DO EVERYTHING POSSIBLE TO SPEED UP THE PROCESS.

9. I AM LIMITING DISTRIBUTION OF THIS MESSAGE BUT TRUST YOU WILL USE IT IN ANY WAY WHICH WOULD BE HELPFUL. MASTERS

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Message Attributes

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